



**Corporate Plan
2017-18**

2017-18 to 2020-21



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SBS Corporate Plan 2017-18

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Opening Statement (Statement of Preparation)



Isaiah Firebrace, Eurovision Song Contest 2017

I, as the head of the accountable authority of the Special Broadcasting Service Corporation present the 2017-18 SBS Corporate Plan for the period 2017-18 to 2020-21, as required under paragraph 35(1)(b) of the Public Governance, Performance and Accountability Act 2013 and under section 48 of the Special Broadcasting Service Act 1991.

The plan is prepared in accordance with the Public Governance, Performance and Accountability Rule 2014.



Dr Bulent Hass Dellal AO
Chairman
Special Broadcasting Service

Our Purpose

“SBS inspires all Australians to explore, appreciate and celebrate our diverse world and in doing so, contributes to a cohesive society.”



As described in our Charter, the principal function of SBS is to provide multilingual and multicultural radio, television and digital media services that inform, educate and entertain all Australians, and, in doing so, reflect Australia's multicultural society.

SBS was established to positively contribute to Australian social outcomes as we are a nation built on immigration. For over 40 years, SBS has been recognised for its contribution to Australia's success as a multicultural society. SBS helps migrants understand and appreciate Australian values, whilst helping all Australians to better understand each other and our many cultures to aid social cohesion.

Our goal in the upcoming years will include a continued focus on building a distinctive network across both traditional and digital platforms to allow for a diverse array of views and voices to be represented in mainstream media. SBS also continues to provide unique services that support migrant and Indigenous communities and promote the benefits of diversity to all Australians, at a time when inspiring a greater understanding of the value of multiculturalism has never been more important.

Maintaining Australia as a healthy, vibrant, diverse yet highly cohesive society is key to our future success as a nation.

External Environment



Maeve O'Meara, The Chefs' Line

Social and Demographic Influences

Migration has always played an important role in Australia's cultural identity. The success as a multicultural nation welcoming people from diverse ethnic backgrounds has encouraged waves of new migrants over the course of history. Many of the opportunities and challenges faced today by a multicultural society are no different now to what they were some 40 years ago.

For the 12 months ending 31 December 2016 Australia's population increased by 372,800 people. 56 per cent of this increase was attributed to net overseas migration¹. The cultural and linguistic diversity of Australia's resident population has been reshaped over many years by migration. While historically Europeans made up the majority of immigration, today there is significant migration from Asia, particularly China, India and the Philippines² as well as other areas such as Africa. In 2016, 21% of Australians spoke a language other than English at home³.

A significant proportion of Australia's population are second generation migrants as a result of the enduring success of Australia's immigration policies. In 2016, 21 per cent of the population identified as being a second generation Australian, having at least one parent being born overseas⁴.

Despite the increasing proportion of the population coming from Culturally and Linguistically Diverse (CALD) backgrounds, including those that are second or third generation migrants, these communities and their voices remain largely under-represented in today's media⁵.

As Australia opened its doors to migration, our attitudes towards different ethnicities and multiculturalism have changed for the better. Since 2007, the Scanlon Foundation has released the Mapping Social Cohesion report, which measures Australia's progress against key social cohesion indicators.

The 2016 survey once again showed the lowest level of concern over immigration levels and strong levels of positive identification towards Australia:

- 91 per cent of respondents indicated that they have a 'sense of belonging in Australia'.
- 83 per cent of respondents indicated that multiculturalism has been good for Australia.
- 66 per cent of respondents also agreed that Australia should do more to learn about the customs and heritage of different ethnic and cultural groups in this country⁶.

However, we cannot take social cohesion for granted - 20 per cent of respondents in 2016 indicated that they had experienced discrimination in Australia in the past 12 months because of their skin colour, ethnic origin or religion, an increase from 15 per cent in the prior year.

All Australians have a role to play in the reduction of discrimination, and SBS commits to this role every day. SBS was established 40 years ago to ensure that Australia's growing migrant population was provided with vital community information to encourage engagement with

Australian society and increase social cohesion. Today, this role has broadened to ensure that migrant, Indigenous and other diverse communities have a voice in the Australian media. It is with great pride that SBS reflects the diversity of all Australians on air.

The technology and media landscape has changed markedly over the past four decades and today global media services are more accessible than ever. The change provides both opportunities and challenges for SBS. On one hand it has meant that SBS, as a public broadcaster, is more readily able to engage directly with the communities it seeks to serve. On the other, the pace of change has pushed SBS to be more creative in generating appeal to these communities through digital media. Within this shifting media landscape, the need for SBS, and its distinctive Charter content, is now greater than ever before. SBS is an increasingly important voice in mainstream media that helps provide opportunities in sharing insights and understanding of Indigenous, migrant and other diverse communities' values and stories within a broader Australian landscape.

Over the course of this four year plan, SBS will continue to evolve its services to audiences to reflect these changes in both social composition and technological change. For example, SBS is currently undertaking a review, leveraging 2016 Census data, to ensure our radio services continue to reflect the social and demographic needs of the Australian population.

Regulatory Influence

Over the reporting period covered by this Corporate Plan, SBS's operations are likely to be impacted both directly and indirectly by regulatory change, including as a result of a package of media reforms announced by Government in May 2017.

Broadcasting spectrum

During the reporting period a new legislative framework governing the allocation and management of radio frequency spectrum is expected to be introduced to Parliament, replacing the *Radiocommunications Act 1992*.

A key element will be a simpler licensing scheme, which will involve broadcasters, including SBS, transitioning to new licence types over time.

Restrictions on gambling advertising

In its May 2017 media reform package, the Government announced further restrictions on gambling advertising and promotions during live sports programs, which are intended to reduce the exposure of children to gambling advertisements.

During the reporting period SBS will engage with Government and industry on implementation of restrictions applying from 5 minutes before the scheduled start of play in live sports broadcasts to 5 minutes after the conclusion of play (or to 8.30 pm).

The restrictions are expected to apply to both broadcast and online services.

Access to sports rights (anti-siphoning scheme)

The anti-siphoning scheme ensures that broadcast rights to sporting events of national and cultural significance are available to free-to-air television before subscription television. Subscription broadcasters are prevented from acquiring the rights to events placed on the anti-

siphoning list—either until rights are acquired by a free-to-air broadcaster (such as SBS), or are automatically removed from the list prior to the event commencing.

In May 2017, the Government announced that it would:

- Reduce the scope of the list to encourage increased competition between subscription and free-to-air broadcasters;
- Remove a rule that prevents free-to-air broadcasters from televising events on their digital multi-channels only; and
- Increase the time out from broadcast that events will be automatically removed from the list—from 12 to 26 weeks.

If the announced reforms are implemented during the reporting period, SBS will be able to premiere listed events on digital multi-channels such as SBS VICELAND (not just the main SBS channel). However, removal of certain events from the list, and earlier automatic de-listing of events, may impact SBS's negotiation position for those events.

Support measures for Australian content

During the reporting period a review will be conducted by the Department of Communications and the Arts, the Australian Communications and Media Authority, and Screen Australia into support measures in place for the production and delivery of Australian and children's screen content.

Any reforms arising from the review are likely to directly affect SBS and independent producers commissioned by SBS, as well as the competitive environment for Australian content.

Media ownership and control reforms

In September 2016, the Government introduced the Broadcasting Legislation Amendment (Media Reform) Bill 2016 to Parliament.

The Bill proposes the repeal of two rules that currently prevent a person from controlling:

- commercial television licences that collectively reach in excess of 75 per cent of the Australian population; and
- more than two of the three regulated forms of media (commercial radio, commercial TV and associated newspapers) in the one commercial radio licence area.

While the Bill does not directly impact SBS, its passage is likely to result in a consolidation of some existing media entities, which will affect SBS's operating environment by creating bigger commercial competitors with greater overall reach.

In this context SBS's role in providing distinctive content and services, including to migrant and Indigenous communities, will remain essential.

Market Influences

Through the course of the forecast period, SBS anticipates that the external market environment within which SBS operates will change significantly. The trends observed are consistent with those that have emerged over prior planning cycles. However, SBS anticipates that the rate at which change occurs will accelerate over the period of this plan as audiences embrace new content distribution models.

Audiences

Traditional linear broadcast TV continues to represent the majority of video viewing in Australia. At the same time, Australians continue to evolve and expand the ways that they consume and engage with content.

Observations

- While the penetration rates of new consumer technologies have slowed, the rate of audience fragmentation across both broadcast and IP-delivered platforms will increase with 6.4 screens on average per Australian home.⁷
- While Free-to-air television will continue to have the largest share of video consumption, the shift to digital will accelerate as content options on alternate platforms improve and familiarity and acceptance of those platforms increase. Live primetime viewing in particular will continue to be affected as video consumption shifts to playback, IP-delivered content and other screen usage.
- Smart TVs and new generations of devices such as set top boxes have changed the way Australians are using their TVs, driving increasing non-broadcast use such as gaming, watching catch up or playback, browsing the internet or streaming music.
- Smartphones and tablets will continue to evolve as an important platform for discovery and engagement with audio and video content.
- Increased use of ad-blocking services by audiences on digital content means diminished ability to sell online inventory, placing greater emphasis on designing new strategies around digital inventory and advertising.
- Younger audiences lead the charge in adopting new technologies and alternative modes of content consumption. Use of social media as a platform for distributing content will become increasingly more mainstream across all age groups. This will especially be the case for younger audiences.

Implications

- Cross-platform content distribution is crucial to the success of content discovery and consumption. SBS will accelerate its investment in digital media content, with a particular focus on capitalising on the strength of the SBS On Demand player as a core distribution platform with an enhanced user experience.
- SBS will also continue to commit to acquiring or commissioning distinctive content to appeal to, be relevant to, and inspire the communities that it seeks to serve.
- SBS will continue to invest in its social media presence and profiles to improve its reach and engagement, particularly with younger audiences.

- The ability to promote and capitalise on flagship SBS events which captivate large audiences will also play an increasingly important role in defining SBS's brand. SBS will continue to focus on SBS events to strengthen the relationship it has with its audiences.

Competitive

Observations

- Access to acquired television content and rights will be increasingly difficult as commercial Free-to-air broadcasters, subscription services (cable and over-the-top) tie up major events and first-run blockbuster programming in order to acquire and retain audiences with tent-pole productions.
- Traditional and over-the-top subscription services will increasingly buy out first-run windows and streaming rights of "niche programming" in order to retain audiences on their platforms with deep libraries of content.
- Following the launch of a number of significant over-the-top digital content providers and the entry of global players in recent years, the period from 2018 – 2021 will be one of significant change as this part of the market goes through a period of growth and consolidation.
- Competition in the paid-for television environment will intensify as the incumbent provider takes a more aggressive pricing stance and builds greater flexibility into its offering to defend and grow its subscriber base against new global and domestic over-the-top providers.
- The relative value of access to FTA spectrum as a competitive advantage will continue to diminish as consumption of digital content continues to grow.

Implications

- SBS plans to continue its investment in local commissions that are uniquely Australian and aligned with our Charter. It intends to continue the legacy of commissioning high quality content which is thought-provoking, ambitious and promotes social cohesion.
- SBS is able to differentiate itself through its unique positioning in the Australian media landscape to seek out content collaborations with organisations and communities around Australia.
- As the competitive advantage of access to FTA spectrum declines, SBS will build on the value of its digital properties and quality distinctive content so that it remains competitive in the digital era.

Financial Context

Government Revenue

Observations

- The latest triennium outcome, outlined in the May 2016 Budget, approved a partial continuation of the terminating funding from the last agreement. This represents an additional \$8.3m over the period FY2016-17 to FY2018-19, or approximately \$2.8m per annum.
- SBS continues to deliver the \$25.2m in "back of office" savings as outlined in the 2014 Lewis Review.

- SBS has received supplementary funding to compensate for foregone revenue which would have arisen from increased advertising flexibility, including most recently in the 2017-18 budget. This follows the withdrawal of the *Communications Legislation Amendment (SBS Advertising Flexibility) Bill 2017* in May 2017, and the failure of the *Communications Legislation Amendment (SBS Advertising Flexibility and Other Measures) Bill 2015*.
- The need for SBS to continue to make a strong case for ongoing and sustainable levels of Government funding will be greater than ever.

Implications

- SBS is committed to ensuring that the content which it produces reflects its Charter obligations, and continues to do so in a cost-effective manner.
- SBS's unique position of having a hybrid funding model means that commercial returns may be channelled back into curating Charter content, while continued federal funding support allows for long-term creative ambitions to be realised.

Own-source revenue

Observations

- Consumer marketing investment on traditional broadcast platforms will move with audiences as they shift their consumption to digital platforms.
- With marketing expenditure shifting out of television and into online platforms, the outlook for the free-to-air television advertising market is reducing, with flat to slightly negative growth forecast by most sources over the period of this Corporate Plan.
- Online video, social platforms, mobile and search will experience strong growth in advertising revenue as these channels allow more targeted messaging

Implications

- The shift of marketing investment from broadcast advertising will affect SBS's own source television advertising revenue over the period of this Corporate Plan.
- SBS will continue to invest in its digital advertising capabilities to capitalise on the growing shift to digital content. This will include investing to grow On Demand and other digital properties to allow optimal data capture to maximise the value of online inventory.
- It is also important that SBS continues to build on existing and new partnerships to ensure consistent growth and value of advertising inventory across all platforms.

Cost Considerations

Observations

- Competition for quality content across an increasing number of platforms will drive up acquisition costs. This will put even greater pressure on trading off quality and cost considerations.
- Increased competition from new entrants, particularly over-the-top providers, in the Australian media landscape is driving competition for quality content.
- Increased competition from telecommunication companies such as Optus and Telstra as they seek to aggressively push into more content provision services as a differentiator

also creates further upward pressure on the cost of content rights.

- Attracting strong talent with commercial and digital experience will put upward pressure on our human resource cost-base as these roles are in high demand across industries.
- SBS will continue to identify and deliver further efficiencies within its operations. With these external forces putting upward pressure on our largest cost categories (content and employees) there will be even greater emphasis on ensuring SBS's support and back-office functions are delivered as effectively and efficiently as possible.

Implications

- Increased number of content players in the market provides added opportunities for SBS to collaborate, e.g. the Optus EPL and World Cup 2018 deal will deliver larger audience numbers whilst lowering the cost-to-deliver such audience numbers.
- There are also increased opportunities for SBS to engage in co-production with content suppliers to provide distinctive quality commissioned content at reduced cost.
- While the cost of strong talent with commercial and digital experience may be higher, the discovery of new talent through digital channels may be more effective and efficient than traditional methods.
- Pressure to be cost-aware helps drive continuous improvement of existing methods of delivery across the whole organisation. As a lean organisation, SBS is suitably structured to transform itself to overcome external pressures to deliver content in the most efficient and effective manner.

Planned Performance



Leila Gurruwiwi, Marngrook Footy Show

Significant Activities

The operations of SBS can be broken down into four key activities, all of which contribute to SBS achieving the single purpose of

“... inspiring all Australians to explore, appreciate and celebrate our diverse world and in doing so, contributes to a cohesive society...”

These activities are:

1. Content creation, acquisition and curation;
2. Content broadcast, technology and transmission;
3. Content commercialisation; and
4. Content support activities

Table 1 describes these activities in more detail.

Significant Activity	Description
Content creation, acquisition and curation	Commissioning, in-house production, acquisition and curation of content for the following platforms: Broadcast television Broadcast radio Online content including digital (IP-based) delivery of on demand and live streaming video and audio content
Content broadcast, technology and transmission	Transmission of SBS's created or acquired content via linear broadcast transmission and IP-delivery platforms. Also includes broadcast operations and broadcast technology & systems
Content commercialisation	Commercialisation of SBS's created or acquired content via a range of commercial activities which include: SBS advertising media sales; International and domestic content sales; and Subscription services and other commercial partnerships
Content support activities	The Corporate and other back-office functions required to support the above significant activities. These include: Enterprise-related IT Finance and accounting People and culture Legal Facilities maintenance (Corporate Services) Corporate Affairs

Table 1: SBS's significant activities

Figure 1 below provides a summary of SBS's strategic goals over the period covered by this Corporate Plan.



Figure 1: Summary of SBS's 4-year Strategic Goals

This framework sets out our Key Activities, our five Focus Areas, as well as the Strategic Goals that the organisation will achieve over the course of the 4-Year Corporate Plan. These goals will help SBS achieve its purpose by:

- Reaching more Australians with SBS's distinctive and compelling Charter content
- Building audience awareness, scale and engagement on our digital platforms to ensure our relevance as people increasingly consume content on these platforms
- Delivering "best in class" user experience for audiences on our digital platforms to improve audience engagement and loyalty
- Growing the share of funding that is invested into Charter content by increasing returns from commercial activities, while continuing to innovate and find better ways of conducting our existing operations
- Attracting and retaining the best people by making SBS a great place to work

1. Content Creation, Acquisition and Curation

Content creation (covering in-house and commissioned content), acquisition and curation are at the heart of SBS's purpose. Through content across all our platforms, SBS inspires a richer, more holistic understanding of our world and presents surprising perspectives in entertaining and innovative ways. SBS continues to lead the conversation about the big national and global issues which have an impact on all Australians, with a focus on unifying our diverse communities.

Through our core content activities we create and curate inspired content for our audiences that:

- Inspires inclusivity and social cohesion
- Enriches and entertains
- Offers surprising perspectives
- Provokes with purpose

Content creation, acquisition and curation includes SBS Television & Online, SBS On Demand, News and Current Affairs, Sport, Radio, National Indigenous Television (NITV), Social Media and Marketing.

Intended results

The fulfilment of SBS's purpose, to inspire all Australians to explore & celebrate our diverse world and promote social cohesion, is predominantly realised through the distinctive and compelling content that SBS provides across its many platforms.

Through the content that our audiences consume and through our brand, SBS brings our Charter and Purpose to life – across broadcast television and radio, online, and social media platforms.

We want our audiences to be inspired by a richer more holistic understanding of our world. SBS achieves this by presenting surprising perspectives in entertaining ways.

Over the course of this Corporate Plan, there are three major goals for our Content activities:

- 1. Build a Distinctive Network
- 2. Digital Acceleration
- 3. Inspire Communities – CALD, Indigenous and our passion communities in news, sport, food and movies

These three goals seek to further enhance our reputation as Australia's multicultural and Indigenous broadcaster and our ongoing contribution to Australia's success as a vibrant, diverse and cohesive society, while also securing our relevance in a fragmenting media market. In particular, a key focus for SBS in FY17-18 will be the implementation of a Digital Acceleration Plan to ensure that SBS continues to evolve with audience expectations and engagement patterns across our digital portfolio.

Delivery strategy

In order to achieve these outcomes, SBS will focus on the following:

- Deepen engagement with migrant and Indigenous communities to share their stories
- Accelerate investment in digital content, platforms and capabilities
- Invest in enriching content that is purposefully provocative and promotes social cohesion and cross-cultural understanding at its core

Content creation – resourcing

Resources	FY17-18 Budget	FY18-19 Forward Estimates	FY19-20 Forward Estimates	FY20-21 Forward Estimates
Expenditure (\$ millions)	185.5	181.7	173.8	177.5
People (Full time equivalent)	640.8	620.7	612.1	612.1

Table 1.1: Proposed resourcing of SBS's Content activities

Performance measurement and assessment

Audience engagement with SBS's diverse content is the key measure of success. SBS currently uses a range of audience engagement and consumption metrics across all our platforms to assess the performance of our content activities.

Key Performance Indicator	FY17-18 Budget	FY18-19 Forward Estimates	FY19-20 Forward Estimates	FY20-21 Forward Estimates
Reach (average monthly, in millions, network, all ppl, 24hr)	13.3	13.3	13.3	13.3
Hours of commissioned content	80	80	80	80
% of Radio Broadcasts in languages other than English	86%	86%	86%	86%

Table 1.2: Key performance assessment metrics – SBS Content activities

2. Content Broadcast, Technology and Transmission

The content broadcast, technology and transmission activities at SBS fall largely under the responsibilities of the Technology Division. It encompasses Enterprise Digital Services, Broadcast Operations, Transmission Services and Broadcast Technology & Systems teams. These teams ensure SBS achieves the most effective and efficient means to distribute its distinctive content across broadcast and online platforms to as many Australians as possible.

As audiences shift consumption increasingly to digital platforms, SBS will continue to find innovative ways to store, manage and publish content across all its platforms while also seeking to provide class-leading user experience, automated content discovery and personalisation for its audiences.

Intended results

As audiences fragment across many devices, SBS can only be successful in the delivery of our purpose if the organisation migrates content to these platforms at the same pace, and uses these platforms to tell stories in innovative ways. The Technology Division helps to enable this shift to new devices, while cost-effectively maintaining our legacy broadcast activities.

Over the course of this Corporate Plan, the primary goals for SBS's Technology Division are to:

- Deliver SBS's technology needs in a cost effective manner
- Maintain reliable and available services to all audiences, across all platforms
- Produce innovative solutions to enhance audience experience, support the business needs, and enable the business to adapt to the changing environment
- Provide technological solutions that support analytics and business intelligence
- Create a workforce that is focused on delivering exceptional service and is appropriately skilled to meet the changing needs of SBS

Through broadcast and narrowcast distribution of content, SBS seeks to reach and engage as many Australians as possible in its Charter-relevant content.

The investment in Charter content will only inspire and effect change to the extent that we are able to reach audiences on the various broadcast and digital platforms that Australians use in their day-to-day media consumption habits.

Through innovative deployment of technology and smart use of capability partners, SBS will seek to do this in a manner that is as efficient and cost-effective as possible.

Delivery strategy

To serve our content to audiences effectively and efficiently, SBS has the following delivery strategy over the course of this Corporate Plan:

- Continued investment in digital capabilities across a number of key initiatives
- Ensure best practices are implemented to deliver content efficiently and effectively
- Deliver innovative and cost-effective solutions via new projects to evolve the business in the face of a changing media landscape

Resourcing

Resources	FY17-18 Budget	FY18-19 Forward Estimates	FY19-20 Forward Estimates	FY20-21 Forward Estimates
Transmission and Distribution expenditure (\$ millions)	75.5	73.8	73.7	75.0
People (Full time equivalent)	223.6	228.4	225.2	225.2

Table 2.1: Proposed resourcing of SBS's Content Technology, Broadcast and Transmission activities

Performance measurement and assessment

Key Performance Indicators (\$ millions)	FY17-18 Budget	FY18-19 Forward Estimates	FY19-20 Forward Estimates	FY20-21 Forward Estimates
Transmission and Distribution expenditure as % of total funding	19.8%	19.9%	20.6%	20.6%
Population reach - Digital transmission sites	100%	100%	100%	100%
Availability of digital television transmission services (fully managed services)	99.82%	99.82%	99.82%	99.82%
Population reach for terrestrial services (excluding satellite)	97%	97%	97%	97%

Table 2.2: Key performance assessment metrics – SBS Content Technology, Broadcast and Transmission activities

3. Content Commercialisation

SBS's commercial activities include SBS Media Sales, subscription television business (World Movies), and SBS's Distribution business.

The primary purpose of SBS's commercial activities is to generate positive returns in order to reinvest in content for our audiences, and marketing activities to support our content objectives.

SBS Media Sales & Distribution

SBS Media Sales commercialise SBS content through the sale of advertising and sponsorships across all of our Free-to-air TV, radio and digital channels. SBS Distribution extends the reach, brand and commercial returns of SBS content through content sales and distribution in domestic markets. The business has recently expanded its business model to encompass the 'Cultural Competence Program' to provide organisational based training focussed on cultural awareness, competencies and events.

Subscription TV

SBS's Subscription television business manages and develops commercial partnerships with 3rd party platforms to extend the reach of our brand and content. Primary amongst this business is the World Movies channel and brand, which is available on a number of subscription television platforms.

Intended results

SBS's content commercialisation activities have one overarching goal - to maximise the contribution from their activities in order to reinvest funds into distinctive and compelling Charter content and maintain or improve the quality of our services to Australian audiences.

Through the breadth of its commercial activities, SBS also seeks to lengthen the life of its distinctive content and broaden the reach of SBS's brand.

As the traditional free-to-air advertising model comes under increasing pressure, over the course of this Corporate Plan period SBS's commercial activities will seek to:

- Maximise the financial returns on available inventory while maintaining competitive pricing on each of SBS's free-to-air channels and across the different metro and regional markets
- Deliver above-trend television advertising sales growth
- Significantly grow online revenues consistent with market growth and content investment
- Grow or maintain margins in legacy distribution businesses while investing for growth in emerging business models
- Evolve SBS's offering in the paid-for content space to reflect shifting audience consumption patterns and the changing shape of the video-on-demand (VOD) and subscription television market in Australia

Delivery strategy

Our delivery strategy across our commercial activities focuses on the following:

- Offering a premium and dynamic brand and audience proposition to direct and agency advertising clients
- Deepening relationships with existing and new clients
- Building on our current digital and audience data capabilities to broaden commercialisation opportunities
- Assessing and trialing novel models for the repurposing and commercialisation of SBS's distinctive content both independently, or with existing and emerging service providers
- Maximising revenues through the 2018 World Cup broadcast rights and the commercial relationship with Optus
- Continuing to review operational processes and systems to ensure best practice
- Ensuring we attract and retain the best staff to continuously improve on the delivery of our strategy

Resourcing

Resources	FY17-18 Budget	FY18-19 Forward Estimates	FY19-20 Forward Estimates	FY20-21 Forward Estimates
FTEs	131.9	131.0	129.1	129.1

Table 3.1: Proposed resourcing of SBS's Content Commercialisation activities

Performance measurement and assessment

Key Performance Indicators (\$ millions)	FY17-18 Budget*	FY18-19 Forward Estimates*	FY19-20 Forward Estimates	FY20-21 Forward Estimates
Total Commercial Revenue	101.6	98.7	79.7	81.2

Table 3.2: Key performance assessment metrics – SBS Content Commercialisation activities

*Includes 2018 FIFA World Cup revenue

4. Content Support Activities

SBS's support activities encompass the back office functions that support SBS's primary content, distribution and commercial activities. These functions include human resources and organisational development, corporate affairs, legal, corporate services and finance. Some of the key deliverables across SBS content support activities include:

- Developing people capabilities and facilitating employee performance management processes
- Managing community, government and industry stakeholder relationships
- Managing finance and accounting functions
- Managing SBS's strategic planning and risk management frameworks and processes
- Maintaining SBS's building infrastructure and developing strategies to meet SBS's long-term accommodation needs
- Delivering SBS's corporate and back of house functions using the most effective and efficient models

Intended results

SBS's content support activities seek to achieve the following key strategic goals:

- Identify and establish effective operational partnerships that:
Ensure the most efficient balance between in-house and outsourced capability; and allow SBS to focus on core businesses of content and commercialisation
- To take a proactive and responsive approach to support the business in an innovative manner
- Continue to ensure that SBS maintains a strong funding environment that is able to deliver on its Charter in an efficient manner
- Deepen community, industry and Indigenous stakeholder relationships and form non-commercial partnerships to deliver targeted projects that increase public value of SBS
- Maintain high staff engagement to promote a productive and happy workforce that is well trained with a culture of succession and talent planning

Delivery strategy

In order to achieve the above results, SBS Content Support activities will seek to:

- Facilitate the development of core management and leadership capabilities
- Manage and enhance relationships across all levels of government, demonstrating the relevance and value of SBS to political stakeholders and securing government funding
- Extend engagement with communities on a national scale, including through Outreach activities
- Lead the implementation of best in class risk management processes and frameworks
- Help to ensure that the allocation of resources matches the achievement of our purpose and the organisation's strategic goals
- Make SBS a great place to work for all employees

Resourcing

Resources	FY17-18 Budget	FY18-19 Forward Estimates	FY19-20 Forward Estimates	FY20-21 Forward Estimates
FTEs	98.7	105.0	103.5	103.5

Table 4.1: Proposed resourcing of SBS's content support activities

Performance measurement and assessment

Key Performance Indicators	FY17-18 Budget	FY18-19 Forward Estimates	FY19-20 Forward Estimates	FY20-21 Forward Estimates
Content support activities; share of total operating expense (%; including transmission)	10%	10%	10%	10%
Content support activities; share of total FTEs (%)	9%	10%	10%	10%

Table 4.2: Key performance assessment metrics – SBS content support activities

Summary Financial Performance



Janice Petersen, SBS World News

Summary Financial Performance

A summary of SBS's financial performance over the period covered by this Corporate Plan is outlined in the table below.

Forecast of Financial Performance (\$ millions)	FY17-18 Budget	FY18-19 Forward Estimates	FY19-20 Forward Estimates	FY20-21 Forward Estimates
Revenue				
Total Commercial Revenue	101.6	98.7	79.7	81.2
Government Appropriation	280.1	273.0	279.1	283.8
Total Revenue	381.7	371.7	358.8	365.0
Operating Expenditure				
Operating Expenditure	305.8	297.5	284.5	289.5
Transmission and Distribution	75.5	73.8	73.7	75.0
Total Operating Expenditure	381.3	371.2	358.3	364.5
Operating Surplus	0.4	0.5	0.5	0.5
Assessment of Taxes and Charges Payable	7.8	7.5	7.5	7.5
Capital Expenditure	12.0	12.0	12.0	10.0

Table 5: SBS Summary Financial Forecast (FY17-18 to FY20-21)

Capabilities



Capabilities

People

Now more than ever our people are critical to our success as an organisation. At SBS we have continued our journey towards putting people, our greatest asset, at the heart of who we are as a business. There are a number of market trends that will affect SBS's workforce over the four year period of this Corporate Plan, including:

- Competition for securing and retaining talented employees
- Meeting modern workforce expectations including demand for flexibility, focus on workplace wellness/wellbeing and improved work-life balance
- The increasing pressures to maintain and improve employee engagement
- Increasing expectations to receive a great employee experience throughout the employee lifecycle
- Generational issues that will drive a change in how, where and why we work

In a media environment where industry convergence is facilitated by IP-delivered platforms, yet audiences increasingly fragment across these platforms, there are some human resource capability challenges that are particularly relevant:

- A shift away from skills that are largely platform and function specific, to those that are platform and function agnostic
- Achieving the right balance of technical expertise, project management skills, change management and general management capabilities
- Detailed and in-depth understanding of audience, external environment and ever-changing market dynamics
- Content and product innovation capabilities

Adding to the above challenges, SBS must compete with new and traditional media players in a funding environment that is limited and with restrictive workplace frameworks that can impact on SBS's ability to attract and retain talent.

The strategic goals that SBS will seek to develop over the course of this Corporate Plan include:

- Provide an environment that ensures the safety and wellbeing of our people
- Develop and maintain an employee brand and value proposition that is distinctive and that attracts and retains talent
- Provide outstanding customer service that supports and enables our business stakeholders to achieve their goals

- Build digital capabilities across our leadership teams and the broader SBS business
- Drive high levels of employee engagement through a focus on quality and high impact employee experiences
- Establish SBS as an industry leader in effective workplace Inclusion and Diversity

Our key initiatives which will help deliver the results above include:

- Developing Digital Talent initiatives that increase the existing digital capabilities of the workforce and bring new talent to the organisation
- Continuing our focus on Leadership Development with a renewed focus on front line and middle leaders
- Continuing our focus on culture and values to increase employee engagement and ensure productivity and discretionary effort is maximised
- Continuing to drive technological and operational simplification to ensure a positive employee experience
- Developing and maintaining talent pools through targeted recruitment and development strategies in key focus areas, including digital and technology talent
- Developing and implementing the SBS Diversity & Inclusion plan, including a focus on Indigenous recruitment
- Implementing a revised Employer Brand and Employee Value Proposition

Technology

As audiences fragment their media consumption across an increasing array of devices, media companies need to provide a seamless experience that offers a consistent look and feel while delivering a tailored content offering for each user. As media consumers become increasingly digital in their consumption habits, media companies need to use audience intelligence and understanding to offer mass customisation and personalisation of the user experience.

In order to deliver a premium user experience SBS will have to develop capabilities in the following areas over the coming 4 year period:

- Audience intelligence and insights
- Cross-platform content management
- Metadata management
- Mass customisation and personalisation of digital services

In order to establish these technological capabilities in a cost effective manner, SBS will seek to implement solutions that strengthen existing technology foundations, while utilising:

- 'off the shelf' products, which ensure SBS is not re-inventing the wheel and can access 'best of breed' technology
- open-source technology for in-house development, which allows access to a larger pool of competitive labour and lowers total cost of ownership

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Risk Management



Risk Management

SBS's risk management framework (RMF) provides a holistic approach to risk management that promotes an integrated and informed view of risk exposures across SBS. The framework is designed to manage risk and provide assurance that risks are being managed within the risk appetite established by the SBS Board of Directors. The framework is the total of systems, structures, policies, processes and people within SBS that identify, assess, control, and monitor all sources of risk that could have an impact on SBS and its ability to deliver its strategy. A holistic view of both short and long term risk across the 2017-18 period and for the 4 year period covered by this plan is considered by SBS under this framework.

The framework is summarised in Figure 2.

The desired result of the framework is to provide management with:

- A strong frame of reference for strategy setting and decision making
- An integrated framework to effectively manage uncertainty and obligations, respond to risks, as well as capitalise on opportunities as they arise

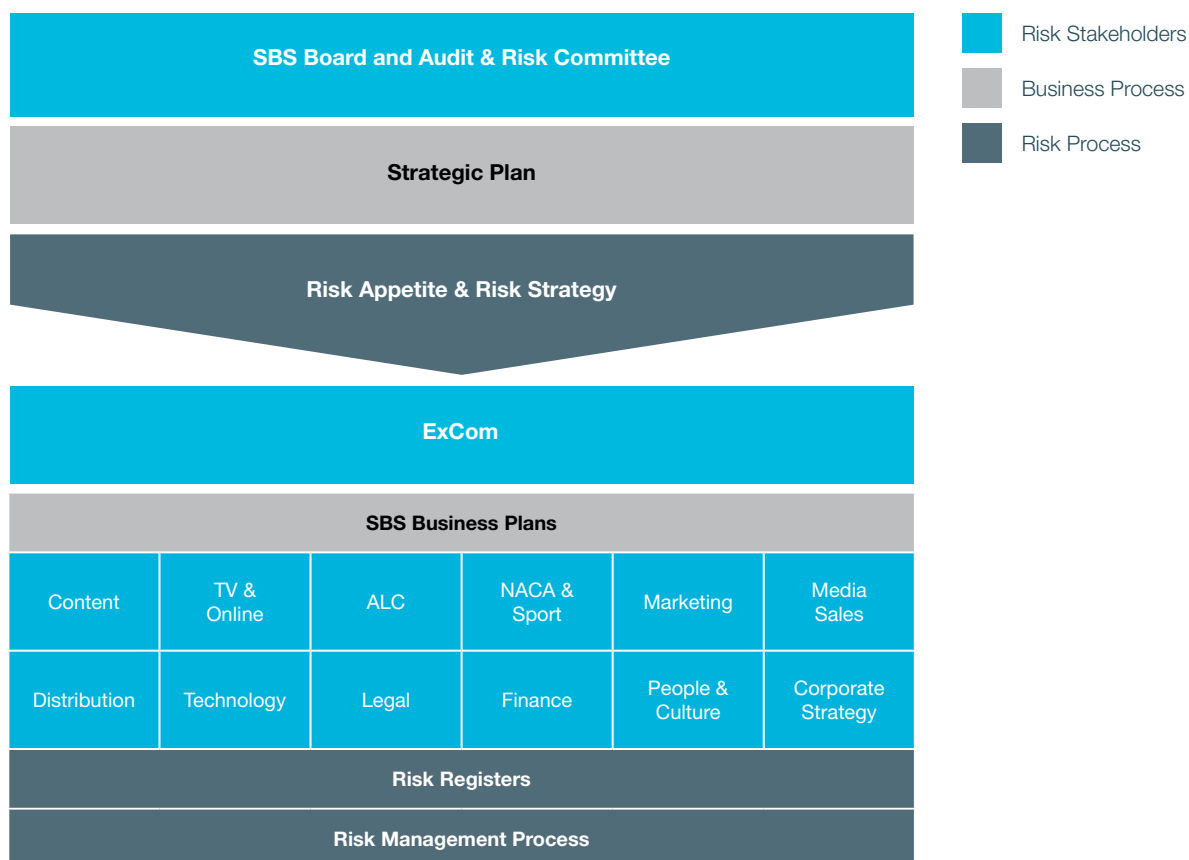


Figure 2: SBS Risk Management Framework

- The ability to manage risks across SBS by providing accurate and timely reporting on the profile of risks and controls
- Minimum standards for the governance, processes and tools required to administer the requirements of SBS's Risk Management Strategy

Risk Appetite Range				
No/Low Appetite	Limited Appetite	Moderate Appetite	Moderate to High Appetite	High Appetite
HR Health & Safety (non-assignment) Finance, Accounting & Tax Governance, Risk & Compliance Brands & Content Commissioning of Content Brands & Content Exploitation of Content Brands & Content Independence	Production HR Health & Safety (on assignment) IT Transmission Continuity IT Security IT Financial System	Brands & Content Brand Content Distribution Rights Partnerships, Alliances & Outsourcing IT Internal Systems & Infrastructure Legal Stakeholder Management Government & Community Brands & Content Exploitation of Content (Brand Placements)	Content Distribution Distribution HR Talent & Capability	Development Brands & Content Acquisition of Content
Philosophy Towards Risk Taking				
SBS accepts as little risk as possible	SBS takes a cautious approach towards taking risk	SBS takes a balanced approach to risk taking	SBS takes a higher level of risk for increased benefit	SBS takes an aggressive approach towards taking risk as it is considered core to SBS' strategy and purpose
Preferred Risk Treatment Approach				
Those risks that cannot be effectively treated or transferred are avoided	Preference to avoid risk or transfer it to an outside party or use secondary mechanisms	There is no preference and the risk treatment will be considered depending on the context and benefit to SBS	Preference to accept or reduce risk through internal measures	Risk is accepted as much as the Charter/Act permits

Figure 3: Summarised risk appetite statement

The Board approves the organisation-wide risk appetite statements that provide the frame of reference for strategy setting and decision making. Figure 3 illustrates the risk appetite for SBS's material classes of risk.

During the course of the strategic planning cycle and the development of the annual business unit operating plans, the risks are reviewed and assessed against the Board-approved risk appetite statements. The internal audit plan for the following 12 months is then developed from this risk assessment process.

The SBS Audit and Risk Committee receives regular reports on the management of the identified "highest risks" facing SBS, with identification of risks allowing redirection or refocusing of resources to address key issues.

SBS has identified 3 top risks facing the organisation:

1. Loss of audience or relevance

SBS is ensuring that it prevents a sustained fall in audience share or relevance by building capabilities to better understand its audience behaviours and preferences, both TV and Online, and tailoring programming suitable to its audiences and its Charter.

2. Competition for acquired programming

There is a risk of increased costs and/or an inability to purchase quality programs affecting the quality of SBS's schedule, due to increased competition from multi-channels, Pay TV operators and increasingly from over the top content services (e.g. Netflix, Stan) or sole language broadcasters. Content is crucial in delivering on SBS's goals of audience growth and distinctiveness. There is also an associated risk of a decrease in audience leading to a decline in advertising revenue.

3. Social media – risk of reputational damage as a result of editorial breaches in content published online and on social media

SBS recognises that there is inherent risk in online and social media publishing from fast turnaround times. A number of risks exist in relation to potential plagiarism and copyright issues, as well as inappropriate comments made. SBS has put in place a vast array of measures including:

- Ongoing training for all staff
- Delegation of authority
- Style guides and producer guidelines
- Steering committees
- Social media protocols

Appendices



Appendices

Appendix 1: The SBS Charter

The SBS Charter, provided in the SBS Act, sets out the principal functions of SBS and a number of duties it has to fulfil. The Charter, contained in Section 6 of the Special Broadcasting Services Act 1991, states:

The principal function of the SBS is to provide multilingual and multicultural radio, television and digital media services that inform, educate and entertain all Australians, and, in doing so, reflect Australia's multicultural society.

The SBS, in performing its principal function, must:

- (a) contribute to meeting the communications needs of Australia's multicultural society, including ethnic, Aboriginal and Torres Strait Islander communities; and
- (b) increase awareness of the contribution of a diversity of cultures to the continuing development of Australian society; and
- (c) promote understanding and acceptance of the cultural, linguistic and ethnic diversity of the Australian people; and
- (d) contribute to the retention and continuing development of language and other cultural skills; and
- (e) as far as practicable, inform, educate and entertain Australians in their preferred languages; and
- (f) make use of Australia's diverse creative resources; and
- (g) to the extent to which the function relates to radio and television services – contribute to the overall diversity of Australian television and radio services, particularly taking into account the contribution of the Australian Broadcasting Corporation and the community broadcasting sector; and
- (h) to the extent to which the function relates to radio and television services – contribute to extending the range of Australian television and radio services, and reflect the changing nature of Australian society, by presenting many points of view and using innovative forms of expression.

Appendix 2: Role and Duty of the SBS Board

The role and duties of the SBS Board are set out in sections 9 and 10 (1) of the SBS Act. The SBS Board is committed to fulfilling its duties as set out in the Act and it does so through well-established corporate governance processes.

- The **SBS Board** holds regular meetings throughout the year, providing Board members with an opportunity to obtain detailed information about management and operational issues, and to make key decisions regarding the Corporation. The Board receives a comprehensive suite of reports, and members of the SBS Executive attend Board meetings as required to answer questions and provide insight into activities, programming policies, management decision making, and the efficiency and effectiveness of the Corporation.
- The **SBS Codes of Practice** are developed by the Corporation, in consultation with the Board Codes Review Sub-committee, and approved by the Board. The SBS **Codes of Practice** sets out the principles and policies SBS uses to guide its programming. Compliance with the **Codes of Practice** is monitored by the Board at its regular meetings. The SBS **Codes of Practice** are notified to the Australian Communications and Media Authority in accordance with s10(1)(j) of the SBS Act.
- **Guidelines** on advertising and sponsorship matters are developed by the Corporation and approved by the Board as part of the SBS **Editorial Guidelines**. The SBS **Codes of Practice** and the **Editorial Guidelines** set out SBS's guidelines on advertising and sponsorship and the placement of breaks in SBS television and radio services.
- The **Audit and Risk Committee** provides independent assistance to the SBS Board on the Corporation's risk, control and compliance framework, and its external accountability responsibilities. Through the Audit and Risk Committee, the Board is able to monitor the Corporation to ensure that it does not contravene or fail to comply with applicable legislative obligations.
- The Board has representation on the **SBS Community Advisory Committee**, which is established under section 50 of the SBS Act. The Community Advisory Committee meets several times a year to discuss issues of relevance to SBS and to give advice, raise community concerns and provide feedback on programming and projects to the SBS Board.

Consistent with its duties, the Board undertakes other activities as required, such as submitting annual reports to Government regarding compliance with the *Commonwealth Authorities and Companies Act 1997*; considering relevant statements of policy furnished by Government; and considering and approving broader SBS strategies such as those contained in the SBS Corporate Plan.

Appendix 3: Community Consultation Measures

Under Section 50 of the SBS Act, The Board must establish a Community Advisory Committee to assist the Board to fulfil its duty under paragraph 10(1)(g) by advising the Board on community needs and opinions, including the needs and opinions of small or newly-arrived ethnic groups, on matters relevant to the Charter.

In addition to the Community Advisory Committee, SBS management have established a number of additional processes to ensure that it is aware of, and responsive to, community needs and opinions (including the needs and opinions of small or newly arrived ethnic groups) on matters relevant to the Charter. These include, but are not limited to, the following:

- The development of a detailed national engagement plan in order to encourage more effective exchange between SBS and our community stakeholders. This plan represents a detailed calendar of engagement activities ranging from:
 - significant Culturally and Linguistically Diverse (CALD) and Indigenous community events at which SBS will have a visible presence in order to meet with and encourage discussion and feedback from community members
 - presence at CALD and Indigenous community events and forums attended by community leaders
 - community forums coordinated by SBS and attended by members of the SBS executive and SBS Board members as appropriate
- Receiving feedback via SBS Radio's in-language broadcasting activities
- Content-related outreach activities
- Involvement in community programs and partnerships with multicultural and Indigenous stakeholders
- Regular qualitative and quantitative audience research into SBS programming

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